

SENATE BILL REPORT

E2SHB 2021

As Reported by Senate Committee On:
Higher Education & Workforce Development, March 25, 2009

Title: An act relating to revitalizing student financial aid.

Brief Description: Revitalizing student financial aid.

Sponsors: House Committee on Education Appropriations (originally sponsored by Representatives Kenney, Probst, Wallace, Sullivan, Priest, Maxwell, Chase, Ormsby, Hudgins, Jacks, Lias, White, Sells, Morrell, Kelley, Darneille, Wood and Roberts).

Brief History: Passed House: 3/09/09, 62-34.

Committee Activity: Higher Education & Workforce Development: 3/18/09, 3/25/09 [DPA-WM, DNP].

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Kilmer, Chair; Jarrett, Vice Chair; Becker, Ranking Minority Member; Hewitt, Jacobsen, McAuliffe, Shin and Stevens.

Minority Report: Do not pass.

Signed by Senator Pflug.

Staff: Aldo Melchiori (786-7439)

Background: The State Work Study (SWS) program provides part-time work opportunities to needy students, enabling them to earn money for college often while gaining experience in jobs related to their career goals. The state's two- and four-year colleges and universities, and many accredited independent four-year colleges and universities, offer this form of financial assistance to eligible students.

The Educational Opportunity Grant (EOG) program provides \$2,500 grants to encourage financially needy students to complete a bachelor's degree. Students must be Washington residents, have already earned an associate of arts or sciences degree, and be "placebound." To be considered placebound, students must be unable to continue their education, without

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the assistance of this grant, because of family or work commitments, health concerns, financial need, or other similar factor.

Summary of Bill (Recommended Amendments): All public institutions of higher education must label the state subsidy per student and all types of financial aid in the financial aid package administered by the institutions under the umbrella term of "Opportunity Pathway" on their tuition billing statements and financial aid award letters. This includes aid from all sources, except federal student loans which are exempt from the labeling requirement. Institutions retain the ability to customize their tuition billing statements and financial aid award letters to differentiate between programs.

The EOG program is phased out over a period of two years. No new awards are made after August 1, 2009; but, current recipients receive the full amount of their awards until August 1, 2011. Subject to budget decisions, EOG funding is moved into the State Need Grant. Enhanced State Need Grants, in addition to the base need grant, are provided for placebound students who have earned an associate degree, subject to appropriations specific to this group of students.

The Higher Education Coordinating Board (HECB) labels all student financial assistance programs that they oversee under the umbrella term of "Opportunity Pathway." If a web-portal is created that provides a "one-stop shop" for college-going information, all financial aid must be listed underneath the "Opportunity Pathway" label. The HECB retains the ability to customize the display to differentiate between various loan programs.

For nonresident students, state work-study eligibility is capped at 15 percent, to the maximum extent practicable. Priority consideration is given to spouses and dependents of persons on active military duty stationed in the state.

The HECB awards competitive grants to colleges and universities that develop partnerships with local firms. The firms must offer a job placement in a high demand field for at least one academic term. Funding can be used for wages and program administration. Colleges and universities are permitted to use their institutional aid funds for students in dual credit programs.

The Washington Higher Education Loan Program (HELP) is created to be administered by the HECB.

EFFECT OF CHANGES MADE BY HIGHER EDUCATION & WORKFORCE DEVELOPMENT COMMITTEE (Recommended Amendments): "Opportunity Grant" is renamed "Opportunity Pathway." Only financial aid that is in the financial aid package administered by the institutions is listed as an Opportunity Pathway. The Opportunity Pathway listings must be in 12 point typeface. The Washington Higher Education Loan Program account is not created and the funding mechanism for the loan program is eliminated.

Appropriation: None.

Fiscal Note: Requested on March 10, 2009.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Washington ranks fourth in the United States in terms of state financial aid awarded. We must do more to aid parents and students when they are trying to understand financial aid and where to get help. We need a single and easily recognized name for financial aid as well as a statewide marketing plan. Too many parents and students are not even aware that they are eligible for financial aid. State resources should be directed toward the most efficient financial aid programs. The dual credit program changes in this bill will make Running Start programs more affordable. Students support the intent of this bill.

OTHER: In some instances, rebranding financial aid may cause more confusion for students trying to locate financial aid. Private organizations providing grants should be identified individually. Middle-income students receive nothing new except access to student loans. Student loans are not grants, they are obligations that must be repaid. Federal GI benefits are earned through service, they are not grants.

Persons Testifying: PRO: Representative Kenney, prime sponsor; John Klacik, HECB; Scott Copeland, State Board for Community and Technical Colleges; Greg Scheiderer, Independent Colleges of Washington.

OTHER: Julie Suchanek, The Evergreen State College; Richard Lum, Associated Students of University of Washington; Morgan Holmgren, Associated Students of Western Washington University and Washington Student Lobby (WSL); Matthew Holmes, Associated Students of Eastern Washington University and WSL.